

**INTERMOUNTAIN GAS COMPANY**

**CASE NO. INT-G-00-02**

**APPLICATION,  
EXHIBITS,  
AND  
WORKPAPER**

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY  
for Authority to Increase Its Prices on December 1, 2000**

**(December 1, 2000 Purchased Gas Cost Adjustment Filing)**

Morgan W. Richards, Jr.

MOFFATT, THOMAS, BARRETT, ROCK & FIELDS, CHARTERED

PO Box 829, Boise, Idaho 83701

Telephone (208) 345-2000

MTBR&F 11-500.290

Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of  
INTERMOUNTAIN GAS COMPANY  
for Authority to Increase Its Prices

Case No. INT-G-00-  
**APPLICATION**

Intermountain Gas Company ("Intermountain"), an Idaho corporation with general offices located at 555 South Cole Road, Boise, Idaho, hereby requests authority, pursuant to Idaho Code Sections 61-307 and 61-622, to place in effect December 1, 2000 new rate schedules which will increase its revenues for the December 1, 2000 to June 30, 2001 period by approximately \$35.8 million, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"). Because of changes in Intermountain's commodity gas costs, as described more fully in this Application, Intermountain's earnings will not be increased as a result of the proposed increase in prices and revenues. Intermountain's current rate schedules showing proposed changes are attached hereto as Exhibit No. 1 and are incorporated herein by reference. Intermountain's proposed rate schedules are attached hereto as Exhibit No. 2 and are incorporated herein by reference.

Communications in reference to this Application should be addressed to:

Michael E. Huntington  
Vice President – Marketing & External Affairs  
Intermountain Gas Company, Post Office Box 7608, Boise, ID 83707  
and  
Morgan W. Richards, Jr.  
Moffatt, Thomas, Barrett, Rock & Fields, Chartered  
Post Office Box 829, Boise, ID 83701

In support of this Application, Intermountain does allege and state as follows:

## I.

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;  
Bannock County - Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;  
Bear Lake County - Georgetown, and Montpelier;  
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelly;  
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;  
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;  
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;  
Caribou County - Bancroft, Conda, Grace, and Soda Springs;  
Cassia County - Burley, Declo, Malta, and Raft River;  
Elmore County - Glenns Ferry, Hammett, and Mountain Home;  
Fremont County - Parker, and St. Anthony;  
Gem County - Emmett;  
Gooding County - Gooding, and Wendell;  
Jefferson County - Lewisville, Menan, Rigby, and Ririe;  
Jerome County - Jerome;  
Lincoln County - Shoshone;  
Madison County - Rexburg, and Sugar City;  
Minidoka County - Heyburn, Paul, and Rupert;  
Owyhee County – Bruneau, Homedale;  
Payette County - Fruitland, New Plymouth, and Payette;  
Power County - American Falls;  
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;  
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, a compressor station, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

## II.

Intermountain seeks with this Application to pass through to each of its customer classes an increase in gas commodity costs resulting from: 1) an increase in Intermountain's Weighted Average Cost of Gas, or “WACOG”, and 2) the inclusion of a temporary surcharge for seven months relating to under collected gas commodity costs from Intermountain's deferred gas cost

account. The aforementioned changes would result in an overall price increase to Intermountain's RS-1, RS-2, GS-1 and LV-1 customers.

These price changes are applicable to service rendered under rate schedules affected by and subject to Intermountain's Purchased Gas Cost Adjustment ("PGA"), approved by this Commission in Order No. 26019, Case No. INT-G-95-1.

Exhibit No. 3 summarizes the price changes in: 1) Intermountain's WACOG, and 2) the temporary surcharge flowing through to Intermountain's direct sales customers. Exhibit No. 3 is attached hereto and incorporated herein by reference.

### **III.**

The current prices of Intermountain are those approved by this Commission in Order No. 28426, Case No. INT-G-00-1.

### **IV.**

The WACOG reflected in Intermountain's proposed prices is \$0.42296 per therm, as shown on Exhibit No. 3, Line 3, Column (b). The WACOG incorporates supplier contracts and estimated prices that will be in effect during the PGA period December 1, 2000 through June 30, 2001. While energy costs have risen dramatically over the last 18 months and have caused home heating prices nationally to rise commensurately, the cost for natural gas supplies delivered into the Northwest have also increased dramatically including those gas costs that were reflected in Case No. INT-G-00-1.

The effect of the increased commodity prices have been mitigated however by several cost-effective measures taken by Intermountain. These measures include the management of storage operations whereby natural gas is injected into storage during the summer when prices are low and utilized in the winter when other market prices have increased. Additionally, Intermountain's customers continue to benefit from the revenues generated by the segmentation of Intermountain's interstate capacity as well as the cost savings from interstate capacity purchased at a discount from the full tariffed rate. Intermountain has also been able to manage the distribution cost component of its tariff price such that it has not been increased in over 15 years.

**V.**

Intermountain proposes to allocate deferred gas costs from its Account No. 186 balance to its customers through a temporary price adjustment effective during the 7-month period ending June 30, 2001. Intermountain has been deferring in its Account No. 186 deferred gas cost debits of approximately \$9,300,000 [Exhibit No. 3, Line 5, Col. (b)], attributable to variable gas costs. Intermountain proposes to collect this debit balance via a per therm surcharge, as shown on Exhibit No. 3, Line 7.

**VI.**

Intermountain has allocated the proposed price changes to each of its customer classes based upon Intermountain's PGA provision.

**VII.**

Exhibit No. 4 is an analysis of the overall price changes by class of customer. Exhibit No. 4 is attached hereto and incorporated herein by reference.

**VIII.**

The proposed overall price change herein requested among the classes of service of Intermountain will not affect Intermountain's earnings, and is just, fair, and equitable.

**IX.**

This Application is filed pursuant to the applicable statutes and the Rules and Regulations of the Commission. This Application has been brought to the attention of Intermountain's customers through a Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in Intermountain's service area. The Press Release and Customer Notice are attached hereto and incorporated herein by reference. Copies of this Application, Exhibits and Workpaper have been provided to those parties regularly intervening in Intermountain's rate proceedings.

**X.**

The public interest does not require a hearing on this Application and Intermountain, therefore, requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

a. That the proposed rate schedules herewith submitted as Exhibit No. 2 be approved without suspension and made effective as of December 1, 2000 in the manner shown on Exhibit No. 2.

b. That this Application be heard and acted upon without hearing under modified procedure, and

c. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 27th day of October, 2000.

INTERMOUNTAIN GAS COMPANY

MOFFATT, THOMAS, BARRETT, ROCK  
& FIELDS, CHARTERED

By /s/ Michael E. Huntington  
Michael E. Huntington  
Vice President  
Marketing & External Affairs

By /s/ Morgan W. Richards, Jr.  
Morgan W. Richards, Jr.  
Of the Firm  
Attorneys for Intermountain Gas Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 27th day of October, 2000, I served a copy of the foregoing Case No. INT-G-00- upon:

John R. Hammond, Jr.  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 W. Washington St., PO Box 83720  
Boise, ID 83720-0074

Edward A. Finklea  
Energy Advocates LLP  
526 NW 18<sup>th</sup> Avenue  
Portland, OR 97209

R. Scott Pasley  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

David Hawk  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

Conley E. Ward, Jr.  
Givens, Pursley, Webb & Huntley  
277 N. 6th St., Suite 200  
PO Box 2720  
Boise, ID 83701

Paula E. Pyron, Executive Director  
Northwest Industrial Gas Users  
4113 Wolf Berry Court  
Lake Oswego, OR 97035

Wendell M. Phillips  
615 South Phillippi Street  
Boise, ID 83705

by depositing true copies thereof in the United States Mail, postage prepaid, in envelopes addressed to said persons at the above addresses.

/s/ Michael P. McGrath  
Michael P. McGrath  
Director  
Market Services and Regulatory Affairs